



## **Unemployment Analysis | Prepared for Rep. Anna Eshoo and Rep. Zoe Lofgren**

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# **Thousands of Jobless Workers in Santa Clara County Lost Unemployment Benefits on December 28**

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As the economy stagnates, the job growth that characterized the economy in the 1990s has been replaced by significant job losses. Since January 2000, the economy has lost almost 1.5 million jobs. Nationally, the unemployment rate reached an eight-year high of 6.0% in November 2002.

Traditionally, the federal-state unemployment insurance program provides a safety net for unemployed workers during economic downturns. Congress, however, failed to extend unemployment benefits before adjourning in November, forcing a cut-off in benefits for hundreds of thousands of families on December 28, 2002.

At the request of Rep. Anna Eshoo and Rep. Zoe Lofgren, this analysis estimates the number of unemployed workers who lost unemployment insurance benefits in Santa Clara County. It estimates that over 7,500 workers in Santa Clara County lost their unemployment benefits on December 28.

### **Background**

The federal-state unemployment insurance program is designed to provide benefits to eligible workers who are unemployed. In most states, benefits are paid for a maximum of 26 weeks. However, during economic recessions or periods of high unemployment, the federal government will often temporarily extend unemployment benefits to ensure that workers who are unable to find a job do not lose all benefits.

In March 2002, in response to the ongoing economic slowdown, Congress passed and President Bush signed the Temporary Extended Unemployment Compensation Act of 2002 (TEUC). The legislation gave unemployed workers an additional 13 to 26 weeks of 100% federally financed unemployment benefits for workers in states that have been hit hard by the economic downturn. This extension was designed to help working Americans who were unemployed and unable to find a job. Moreover, because benefits go to workers who are likely to spend them quickly, the benefits were intended to provide a broad and rapid stimulus for the economy as a whole.

Unemployment benefits under the TEUC program ended on December 28. In anticipation

of the cutoff of benefits, the Senate in November passed bipartisan legislation extending unemployment benefits for an additional three months. The Republican-controlled House, however, refused to take up this bipartisan legislation before the end of the session.<sup>1</sup> President Bush did not call for an extension of benefits until December 15, 2002, weeks after Congress had adjourned.<sup>2</sup>

Congress' failure to pass legislation to help unemployed Americans means that the benefits of hundreds of thousands of Americans are at risk. An estimated 780,000 unemployed workers nationwide lost all unemployment benefits on December 28.<sup>3</sup> Unless the benefits are restored, an additional estimated 96,300 workers per week will lose benefits.<sup>4</sup>

### **The Impact of the Expiration of Unemployment Insurance in Santa Clara County**

This analysis, conducted at the request of Rep. Anna Eshoo and Rep. Zoe Lofgren, estimates the impact of this cutoff of federal unemployment benefits in Santa Clara County. The analysis is based upon state and metropolitan area data on the number of unemployed workers<sup>5</sup> and statewide estimates of the number of unemployed workers who will lose benefits.

Data from the Bureau of Labor Statistics indicates that there are 1,087,200 unemployed workers in California. Of these 1,087,200 unemployed workers, 79,400 are in Santa Clara County.<sup>6</sup> The statewide unemployment rate is 6.2%, and the unemployment rate in Santa Clara County is 7.9%.<sup>7</sup>

Statewide, there are 549,767 individuals receiving unemployment insurance in California.<sup>8</sup> This analysis estimates that 40,150 of these unemployed workers are in Santa Clara County.<sup>9</sup> The average unemployment insurance benefit in California is \$234.26 per week<sup>10</sup>

The date on which unemployed workers lose their unemployment benefits depends on how long the workers have been out of work. Statewide, analysts have found that an estimated 104,700 unemployed workers in the state were cut off of benefits on December 28.<sup>11</sup> This analysis estimates that 7,646 of these workers are in Santa Clara County.<sup>12</sup> Moreover, this analysis estimates that an additional 13,672 workers in Santa Clara County will lose their unemployment benefits between December 28, 2002, and March 31, 2003, if Congress does not renew the benefits.<sup>13</sup>

If all 21,318 of these Santa Clara County workers lose 13 weeks of benefits, a total of \$64.9 million in unemployment benefits will not be received by workers in Santa Clara County.

## Endnotes

1. Instead, on the last day of legislative business, the House passed limited legislation that would have provided significantly fewer benefits than the bipartisan Senate proposal. This legislation provided benefits for only a short period for a limited pool of workers. The legislation would have provided only five additional weeks of benefits for workers who exhausted regular unemployment benefits before December 28. For workers exhausting regular unemployment benefits after December 28, the House bill would have provided benefits in only three states, Alaska, Oregon, and Washington. See Center on Budget and Policy Priorities, *New House Unemployment Proposal is Extraordinarily Limited* (Nov. 14, 2002).
2. *Bush Calls for Extending Jobless Benefits*, Washington Post (Dec. 15, 2002).
3. Center on Budget and Policy Priorities, *Temporary Unemployment Benefits Should Be Extended In All States and Strengthened* (Dec. 19, 2002).
4. *Id.*
5. Santa Clara County comprises the entire San Jose metropolitan area.
6. Bureau of Labor Statistics, *Civilian Labor Force and Unemployment by State and Metro Area* (December 2002) (online at <http://www.bls.gov/news.release/metro.t01.htm>).
7. *Id.*
8. Department of Labor, *Unemployment Insurance Weekly Claims Report* (Dec. 12, 2002) (online at <http://ows.doleta.gov/unemploy/page8/121202.html>).
9. Bureau of Labor Statistics data indicates that 7.3% of all unemployed workers in the state are in Santa Clara County. This analysis estimates that 7.3% of the individuals in the state receiving unemployment insurance benefits are also in Santa Clara County. This methodology may actually underestimate the number of workers receiving unemployment benefits in Santa Clara County. Because the unemployment rate in the area (7.9%) is higher than the unemployment rate in the state as a whole (6.2%), Santa Clara County is more likely to have more long-term unemployed individuals who will be receiving benefits.
10. Department of Labor, *Summary Data for State Programs, by State, Report Period Between 10/1/02 and 10/31/02* (December 2002) (online at <http://www.ows.doleta.gov/unemploy/txtdocs/sumoct02.html>).
11. Center on Budget and Policy Priorities, *supra* note 3.
12. This analysis estimates that 7.3% of all individuals losing unemployment insurance are in Santa Clara County. See note 8.
13. Based on statewide estimates that, between December 28, 2002 and March 31, 2003, 14,400 workers in the state will lose benefits each week. Center on Budget and Policy Priorities, *supra* note 3.